MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BAC4624 – ADVANCED ACCOUNTING INFORMATION SYSTEMS

(All Sections / Groups)

8th March 2018
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages excluding cover page with 4 Questions only.
2. Answer all **FOUR** questions. Mark distribution for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Armada Enterprise is a small family-run manufacturer of wooded garden furniture, sheds and storage containers. The company is located in Shah Alam, Selangor and currently employs 90 workers. Much of the manufacturing work involves casual labour in the lumberyard and sawmill. The work is hard and employees often move on after a few months. Although the company does not issue audited financial statements, its owner has retained your firm to conduct a review of its internal controls. The focus of your review at this time is the payroll process.

Armada employees use a punch card in an unsupervised area to record their time on the job. The time-keeping clerk tries to monitor the process, but is often distracted by other duties. Every friday, the shop foremen collect the punch cards for their subordinates, review and approve them, and later deliver them to Sally, the payroll clerk.

Sally uses a stand-alone PC to record the employee earnings in the employee record and print a hard-copy payroll register. Once everything is in order, she sends one copy of the payroll register to Bob, the staff in the accounting department. Afterwards, Sally will compile all punch cards and a copy of the payroll register together and file them in the payroll department in the 'completed payroll' file.

Bob, who receives the payroll register, will review the document for accuracy and uses the department computer to record the transactions by posting them to general ledger accounts. He then prints the hard-copy cheques according to the respective payment for each employee. Once completed, he signs the paycheques and sends them to the foremen who distribute them to the employees. Finally, he files the payroll register in the department. At the end of every month, Bob prepares a report for the top management for their scrutiny.

a) Prepare a Context Diagram for the Payroll Process. (2 marks)

b) Prepare a Data Flow Diagram (DFD) for the Payroll Process. (10 marks)

c) Prepare a Document Flowchart for the Payroll Process. (13 marks)

(Total: 25 marks)

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QUESTION 2

a) Internet risks to businesses include the distributed denial of service (DDOS) attack. Explain how DDOS cripples an organization's business.

(6 marks)

b) An enterprise resource planning (ERP) system helps a company manage the important parts of its business in an integrated fashion. From an auditor's point of view, a number of internal control and auditing implications are associated with ERPs. Discuss any **THREE (3)** implications.

(9 marks)

c) One of the internal control frameworks is the Committee of Sponsoring Organizations – Enterprise Risk Management (COSO-ERM). COSO-ERM expands on the elements of the internal control integrated framework and provides an all-encompassing focus on the broader subject of enterprise risk management. One of the elements in this framework is the event identification. Describe what is an ***event*** using the COSO definition and provide an example.

(10 marks)

(Total: 25 marks)

QUESTION 3

Realising the increase in the 'missing' inventories, the top management of Baba Sdn Bhd had decided that their current accounting system must be upgraded so that all modules are well integrated. Two consultant companies were contacted about this problem and each submit one proposal. The first proposal suggested having a new tailor-made system while the second proposal emphasis on retaining the current system, but focuses on integrating all of them under the same platform.

a) Supposed you are the Head of the IT Department, which proposal would you strongly support? Argue. (10 marks)

b) Supposed you are the Chief Finance Officer of the company, which proposal would you strongly support? Argue. (10 marks)

c) Do you think getting the opinion from these two people are sufficient in order to decide which proposal needs to be accepted and implemented? Discuss. (5 marks)

(Total: 25 marks)

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QUESTION 4

a) The third step of SDLC, physical systems design, has the output design as its first activity. What is the *objective* of this activity? Outline **TWO (2)** output design considerations and their concerns. (6 marks)

b) Two common forms of testing include *processing test transactions* and *acceptance tests*. Compare between these two tests. (8 marks)

c) The last step in the SDLC is to operate and maintain the new system. A post-implementation review is usually conducted in this step. Discuss on this post-implementation review including its importance, and list **FIVE (5)** factors that an organization needs to investigate during its review. (11 marks)

(Total 25 marks)

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